

## **Required Supplementary Information**

## Budgetary Information

### Budgetary Comparison Schedule

#### General Fund

For the Fiscal Year Ended June 30, 2004  
(expressed in thousands)

|   | General Fund                              |  |                               |                               |
|---|---|--|-------------------------------|-------------------------------|
|   | Original<br>Budget<br>2003-05<br>Biennium | Final<br>Budget<br>2003-05<br>Biennium | Actual<br>2003-05<br>Biennium | Variance with<br>Final Budget |
| Budgetary fund balance, July 1                | \$ 404,581                                | \$ 404,581                             | \$ 404,581                    | -                             |
| <b>Resources:</b>                             |   |  |                               |                               |
| Taxes   | 22,791,756                                | 22,551,147                             | 11,198,373                    | (11,352,774)                  |
| Licenses, permits, and fees                   | 156,491                                   | 154,493                                | 75,513                        | (78,980)                      |
| Other contracts and grants                    | 477,517                                   | 503,022                                | 253,180                       | (249,842)                     |
| Timber sales                                  | 8,600                                     | 8,600                                  | 5,465                         | (3,135)                       |
| Federal grants-in-aid                         | 10,630,943                                | 11,125,622                             | 5,363,869                     | (5,761,753)                   |
| Charges for services                          | 78,120                                    | 86,950                                 | 44,504                        | (42,446)                      |
| Interest income                               | 65,240                                    | 65,240                                 | 22,159                        | (43,081)                      |
| Miscellaneous revenue                         | 86,885                                    | 95,825                                 | 55,683                        | (40,142)                      |
| Transfers from other funds                    | 297,642                                   | 373,117                                | 307,628                       | (65,489)                      |
| <b>Total Resources</b>                        | <b>34,997,775</b>                         | <b>35,368,597</b>                      | <b>17,730,955</b>             | <b>(17,637,642)</b>           |
| <b>Charges to appropriations:</b>             |   |  |                               |                               |
| General government                            | 2,297,684                                 | 2,411,876                              | 1,220,044                     | 1,191,832                     |
| Human services                                | 17,118,189                                | 17,430,757                             | 8,487,760                     | 8,942,997                     |
| Natural resources and recreation              | 456,814                                   | 507,332                                | 247,353                       | 259,979                       |
| Transportation                                | 54,139                                    | 54,429                                 | 27,335                        | 27,094                        |
| Education                                     | 14,176,517                                | 14,255,138                             | 6,973,417                     | 7,281,721                     |
| Capital outlays                               | 244,073                                   | 255,626                                | 59,200                        | 196,426                       |
| Transfers to other funds                      | 99,884                                    | 99,874                                 | 172,510                       | (72,636)                      |
| <b>Total Charges to appropriations</b>        | <b>34,447,300</b>                         | <b>35,015,032</b>                      | <b>17,187,619</b>             | <b>17,827,413</b>             |
| <b>Excess available for appropriation</b>     |   |  |                               |                               |
| <b>Over (Under) charges to appropriations</b> | <b>550,475</b>                            | <b>353,565</b>                         | <b>543,336</b>                | <b>189,771</b>                |
| <b>Reconciling Items:</b>                     |   |  |                               |                               |
| Changes in reserves (net)                     | -   | -                                      | (52,917)                      | (52,917)                      |
| Entity adjustments (net)                      | -   | -                                      | 9,104                         | 9,104                         |
| <b>Total Reconciling Items</b>                | <b>-</b>                                  | <b>-</b>                               | <b>(43,813)</b>               | <b>(43,813)</b>               |
| <b>Budgetary Fund Balance, June 30</b>        | <b>\$ 550,475</b>                         | <b>\$ 353,565</b>                      | <b>\$ 499,523</b>             | <b>\$ 145,958</b>             |

## Budgetary Information

### Budgetary Comparison Schedule

#### Budget to GAAP Reconciliation

#### General Fund

For the Fiscal Year Ended June 30, 2004  
(expressed in thousands)

|   | General<br>Fund      |
|---|----------------------|
| <b>Sources/inflows of resources</b>   |                      |
| Actual amounts (budgetary basis) "Available for Appropriation"<br>from the Budgetary Comparison Schedule                            | \$ 17,730,955        |
| Differences - budget to GAAP:   |                      |
| The following items are inflows of budgetary resources but are not<br>revenue for financial reporting purposes:                     |                      |
| Transfers from other funds  | (307,628)            |
| Budgetary fund balance at the beginning of the year   | (404,581)            |
| The following items are not inflows of budgetary resources but are<br>revenue for financial reporting purposes:                     |                      |
| Noncash commodities and food stamps   | 484,693              |
| Unanticipated receipts  | 70,081               |
| Noncash revenues  | 9,104                |
| Revenues collected for other governments  | 27,312               |
| <b>Total revenues as reported on the Statement of Revenues,<br/>Expenditures, and Changes in Fund Balances - Governmental Funds</b> | <b>\$ 17,609,936</b> |

|  |                      |
|--|----------------------|
| <b>Uses/outflows of resources</b>  |                      |
| Actual amounts (budgetary basis) "Total Charges to Appropriations"<br>from the Budgetary Comparison Schedule.  | \$ 17,187,619        |
| Differences - budget to GAAP:  |                      |
| Budgeted expenditure transfers are recorded as expenditures in the<br>budget statement but are recorded as other financing source (use)<br>for financial reporting purposes. | (722,066)            |
| Transfers to other funds are outflows of budgetary resources but<br>are not expenditures for financial reporting purposes.   | (172,510)            |
| The following items are not outflows of budgetary resources but are<br>recorded as current expenditures for financial reporting purposes.                                    |                      |
| Noncash commodities and food stamps  | 484,693              |
| Expenditures related to unanticipated receipts   | 70,081               |
| Capital lease acquisitions   | 5,004                |
| Distributions to other governments   | 27,312               |
| <b>Total expenditures as reported on the Statement of Revenues,<br/>Expenditures, and Changes in Fund Balances - Governmental Funds</b>                                      | <b>\$ 16,880,133</b> |

## Budgetary Information

### Notes to Required Supplementary Information

#### General Budgetary Policies and Procedures

The Governor is required to submit a budget to the state Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature. The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year within the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying budgetary schedules are not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a presentation in the accompanying financial schedules extremely cumbersome. Section 2400.121 of the GASB Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report in these extreme cases. For the state of Washington, a separate report has been prepared for the 2003-2005 Biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures, and estimated versus actual revenues and other financing sources (uses) for appropriated funds at agency and appropriation level are presented in Report CAF1054 for governmental funds. A copy of this report is available at the Office of Financial Management, 6639 Capitol Boulevard, PO Box 43113, Olympia, Washington 98504-3113.

Legislative appropriations are strict legal limits on expenditures/expenses, and overexpenditures are

prohibited. All appropriated and certain nonappropriated funds are further controlled by the executive branch through the allotment process. This process allocates the expenditure/expense plan into monthly allotments by program, source of funds, and object of expenditure. According to statute RCW 43.88.110(2), except under limited circumstances, the original allotments are approved by the Governor and may be revised on a quarterly basis and must be accompanied by an explanation of the reasons for significant changes. Because allotments are not the strict legal limit on expenditures/expenses, the budgetary schedules presented as required supplementary information (RSI) are shown on an appropriation versus actual comparison rather than an allotment versus actual comparison.

Proprietary funds typically earn revenues and incur expenses (i.e., depreciation or budgeted asset purchases) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. OFM is authorized to make expenditure/expense allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year. State law does not preclude the over expenditure of allotments, although RCW 43.88.110(3) requires that the Legislature be provided an explanation of major variances.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year end are reported as reservations of fund balance.

#### Budgetary Reporting versus GAAP Reporting

Governmental funds are budgeted materially in conformance with GAAP. However, the presentation in the accompanying budgetary schedules is different in certain respects from the corresponding Statements of Revenues, Expenditures, and Changes in Fund Balance (governmental operating statement). In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities. Expenditures are classified based on whether the appropriation is from the operating or capital budget. Expenditures funded by operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation. Expenditures funded by capital budget appropriations are reported as capital outlays.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are fixed asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These activities include: activities designated as nonappropriated by the Legislature, such as the Higher Education Special Revenue Fund, Higher Education Endowment Fund, federal surplus food commodities, electronic food stamp benefits, capital

leases, note proceeds, and resources collected and distributed to other governments.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements. The factors contributing to the differences between the Budgetary Comparison Schedule and the Statement of Revenues, Expenditures, and Changes in Fund Balance are noted in the previous Budget to GAAP reconciliation.

Budgetary Fund Balance includes the following as reported on the Governmental Funds Balance Sheet: Unreserved, undesignated fund balance; Unreserved fund balance, designated for other specific purposes; and Reserved for encumbrances.

## Pension Plan Information

### Public Employees' Retirement System - Plan 1

#### Schedule of Funding Progress

Valuation Years 2003 through 1998 (dollars in millions)

|                                   | 2003      | 2002      | 2001      | 2000       | 1999       | 1998       |
|-----------------------------------|-----------|-----------|-----------|------------|------------|------------|
| Actuarial Valuation Date          | 9/30/2003 | 9/30/2002 | 9/30/2001 | 12/31/2000 | 12/31/1999 | 12/31/1998 |
| Actuarial Value of Plan Assets    | \$ 10,227 | \$ 10,757 | \$ 10,990 | \$ 11,111  | \$ 10,456  | \$ 9,219   |
| Actuarial Accrued Liability       | 12,692    | 12,560    | 12,088    | 11,695     | 11,636     | 11,227     |
| Unfunded Actuarial Liability      | 2,465     | 1,804     | 1,098     | 584        | 1,180      | 2,008      |
| Percentage Funded                 | 81%       | 86%       | 91%       | 95%        | 90%        | 82%        |
| Covered Payroll                   | 945       | 1,023     | 1,085     | 1,132      | 1,184      | 1,233      |
| Unfunded Actuarial Liability as a |           |           |           |            |            |            |
| Percentage of Covered Payroll     | 261%      | 176%      | 101%      | 52%        | 100%       | 163%       |

Source: Washington State Office of the State Actuary

---

## Teachers' Retirement System - Plan 1

### Schedule of Funding Progress

Valuation Years 2003 through 1998 (dollars in millions)

|                                   | 2003      | 2002      | 2001      | 2000      | 1999      | 1998      |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarial Valuation Date          | 9/30/2003 | 9/30/2002 | 9/30/2001 | 6/30/2000 | 6/30/1999 | 6/30/1998 |
| Actuarial Value of Plan Assets    | \$ 9,086  | \$ 9,365  | \$ 9,342  | \$ 9,372  | \$ 8,696  | \$ 7,819  |
| Actuarial Accrued Liability       | 10,325    | 10,235    | 9,895     | 9,566     | 9,529     | 9,354     |
| Unfunded Actuarial Liability      | 1,239     | 869       | 553       | 194       | 833       | 1,535     |
| Percentage Funded                 | 88%       | 91%       | 94%       | 98%       | 91%       | 84%       |
| Covered Payroll                   | 692       | 741       | 800       | 957       | 984       | 1,046     |
| Unfunded Actuarial Liability as a |           |           |           |           |           |           |
| Percentage of Covered Payroll     | 179%      | 117%      | 69%       | 20%       | 85%       | 147%      |

Source: Washington State Office of the State Actuary

---

## Pension Plan Information

### Law Enforcement Officers' and Fire Fighters' Retirement System- Plan 1

#### Schedule of Funding Progress

Valuation Years 2003 through 1998 (dollars in millions)

|                                   | 2003      | 2002      | 2001      | 2000       | 1999       | 1998       |
|-----------------------------------|-----------|-----------|-----------|------------|------------|------------|
| Actuarial Valuation Date          | 9/30/2003 | 9/30/2002 | 9/30/2001 | 12/31/2000 | 12/31/1999 | 12/31/1998 |
| Actuarial Value of Plan Assets    | \$ 4,803  | \$ 5,095  | \$ 5,369  | \$ 5,440   | \$ 5,150   | \$ 4,568   |
| Actuarial Accrued Liability       | 4,275     | 4,259     | 4,153     | 4,002      | 4,125      | 3,906      |
| Unfunded (Assets in Excess of)    |           |           |           |            |            |            |
| Actuarial Liability               | (528)     | (836)     | (1,216)   | (1,437)    | (1,024)    | (662)      |
| Percentage Funded                 | 112%      | 120%      | 129%      | 136%       | 125%       | 117%       |
| Covered Payroll                   | 71        | 80        | 87        | 95         | 106        | 117        |
| Unfunded Actuarial Liability as a |           |           |           |            |            |            |
| Percentage of Covered Payroll     | N/A       | N/A       | N/A       | N/A        | N/A        | N/A        |

N/A indicates data not available.

Source: Washington State Office of the State Actuary

## Judicial Retirement System

### Schedule of Funding Progress

Valuation Years 2003 through 1998 (dollars in millions)

|                                   | 2003      | 2002      | 2001      | 2000       | 1999       | 1998       |
|-----------------------------------|-----------|-----------|-----------|------------|------------|------------|
| Actuarial Valuation Date          | 9/30/2003 | 9/30/2002 | 9/30/2001 | 12/31/2000 | 12/31/1999 | 12/31/1998 |
| Actuarial Value of Plan Assets    | \$ 6      | \$ 8      | \$ 10     | \$ 10      | \$ 9       | \$ 8       |
| Actuarial Accrued Liability       | 91        | 92        | 91        | 93         | 94         | 97         |
| Unfunded Actuarial Liability      | 85        | 84        | 81        | 83         | 85         | 89         |
| Percentage Funded                 | 7%        | 9%        | 11%       | 11%        | 10%        | 8%         |
| Covered Payroll                   | 2.6       | 3.0       | 3.0       | 4.0        | 4.0        | 4.0        |
| Unfunded Actuarial Liability as a |           |           |           |            |            |            |
| Percentage of Covered Payroll     | 3269%     | 2800%     | 2700%     | 2075%      | 2125%      | 2225%      |

Source: Washington State Office of the State Actuary

## Pension Plan Information

### Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

#### Schedule of Funding Progress

Valuation Years 2003 through 1998 (dollars in millions)

|                                   | 2003       | 2002       | 2001       | 2000       | 1999       | 1998       |
|-----------------------------------|------------|------------|------------|------------|------------|------------|
| Actuarial Valuation Date          | 12/31/2003 | 12/31/2002 | 12/31/2001 | 12/31/2000 | 12/31/1999 | 12/31/1998 |
| Actuarial Value of Plan Assets    | \$ 120     | \$ 124     | \$ 129     | \$ 126     | \$ 118     | \$ 102     |
| Actuarial Accrued Liability       | 112        | 110        | 99         | 96         | 98         | 94         |
| Unfunded (Assets in Excess of)    |            |            |            |            |            |            |
| Actuarial Liability               | (8)        | (14)       | (30)       | (30)       | (20)       | (8)        |
| Percentage Funded                 | 107%       | 113%       | 130%       | 131%       | 120%       | 109%       |
| Covered Payroll*                  | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Unfunded Actuarial Liability as a |            |            |            |            |            |            |
| Percentage of Covered Payroll     | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |

\*Covered Payroll is not presented because it is not applicable since this is a volunteer organization.

Source: Washington State Office of the State Actuary

## Judges' Retirement Fund

### Schedule of Funding Progress

Valuation Years 2003 through 1998 (dollars in millions)

|                                   | 2003      | 2002      | 2001      | 2000       | 1999       | 1998       |
|-----------------------------------|-----------|-----------|-----------|------------|------------|------------|
| Actuarial Valuation Date          | 9/30/2003 | 9/30/2002 | 9/30/2001 | 12/31/2000 | 12/31/1999 | 12/31/1998 |
| Actuarial Value of Plan Assets    | \$ 4.5    | \$ 5      | \$ 5      | \$ 5       | \$ 4       | \$ 4       |
| Actuarial Accrued Liability       | 5.2       | 6         | 6         | 6          | 6          | 7          |
| Unfunded Actuarial Liability      | 0.7       | 1         | 1         | 1          | 2          | 3          |
| Percentage Funded                 | 87%       | 83%       | 83%       | 83%        | 67%        | 57%        |
| Covered Payroll                   | 0.0       | 0.1       | 0.1       | 0.1        | 0.1        | 0.1        |
| Unfunded Actuarial Liability as a |           |           |           |            |            |            |
| Percentage of Covered Payroll     | N/A       | 1000%     | 1000%     | 1000%      | 2000%      | 3000%      |

Source: Washington State Office of the State Actuary



## Pension Plan Information

### Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2004 through 1999

|  | 2004     | 2003     | 2002     | 2001     | 2000     | 1999     |
|--|----------|----------|----------|----------|----------|----------|
| <b>Public Employees' Retirement</b>              |          |          |          |          |          |          |
| <b>System - Plan 1</b> (expressed in millions)   |          |          |          |          |          |          |
| Employers' Annual Required Contribution          | \$ 295.1 | \$ 228.9 | \$ 164.3 | \$ 118.8 | \$ 199.2 | \$ 237.6 |
| Employers' Actual Contribution                   | 22.8     | 56.6     | 68.6     | 181.7    | 200.2    | 234.3    |
| Percentage Contributed                           | 8%       | 25%      | 42%      | 153%     | 101%     | 99%      |
| <b>Public Employees' Retirement</b>              |          |          |          |          |          |          |
| <b>System - Plan 2/3</b> (expressed in millions) |          |          |          |          |          |          |
| Employers' Annual Required Contribution          | \$ 192.6 | \$ 141.7 | \$ 72.0  | \$ 55.6  | \$ 103.6 | \$ 86.6  |
| Employers' Actual Contribution                   | 69.4     | 38.2     | 51.0     | 115.0    | 101.9    | 238.4    |
| Percentage Contributed                           | 36%      | 27%      | 71%      | 207%     | 98%      | 275%     |
| <b>Teachers' Retirement</b>                      |          |          |          |          |          |          |
| <b>System - Plan 1</b> (expressed in millions)   |          |          |          |          |          |          |
| Employers' Annual Required Contribution          | \$ 185.7 | \$ 153.4 | \$ 119.8 | \$ 90.6  | \$ 176.1 | \$ 209.7 |
| Employers' Actual Contribution                   | 11.4     | 20.4     | 59.5     | 141.3    | 183.0    | 222.5    |
| Percentage Contributed                           | 6%       | 13%      | 50%      | 156%     | 104%     | 106%     |
| <b>Teachers' Retirement</b>                      |          |          |          |          |          |          |
| <b>System - Plan 2/3</b> (expressed in millions) |          |          |          |          |          |          |
| Employers' Annual Required Contribution          | \$ 96.2  | \$ 79.5  | \$ 66.7  | \$ 40.4  | \$ 56.2  | \$ 45.9  |
| Employers' Actual Contribution                   | 29.9     | 18.2     | 46.4     | 69.6     | 75.3     | 100.2    |
| Percentage Contributed                           | 31%      | 23%      | 70%      | 172%     | 134%     | 218%     |
| <b>School Employees' Retirement</b>              |          |          |          |          |          |          |
| <b>System - Plan 2/3</b> (expressed in millions) |          |          |          |          |          |          |
| Employers' Annual Required Contribution          | \$ 52.3  | \$ 44.2  | \$ 19.5  | \$ 6.7   | **       | **       |
| Employers' Actual Contribution                   | 9.1      | 6.2      | 11.3     | 19.9     | **       | **       |
| Percentage Contributed                           | 17%      | 14%      | 58%      | 297%     | **       | **       |

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match the Annual Required Contributions.

\*\* SERS did not exist prior to 9/1/2000

## Pension Plan Information

### Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2004 through 1999

|  | 2004 | 2003 | 2002 | 2001 | 2000   | 1999   |
|--|------|------|------|------|--------|--------|
| <b>Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 1</b> (expressed in millions) |      |      |      |      |        |        |
| Employers' Annual Required Contribution  | \$ - | \$ - | \$ - | \$ - | \$ 6.3 | \$ 6.9 |
| Employers' Actual Contribution   | -    | 0.1  | 0.1  | 0.1  | 6.3    | 7.2    |
| Percentage Contributed   | N/A  | N/A  | N/A  | N/A  | 100%   | 104%   |
| State Annual Required Contribution   | -    | -    | -    | -    | -      | -      |
| State Actual Contribution  | -    | -    | -    | -    | -      | 48.8   |
| Percentage Contributed   | N/A  | N/A  | N/A  | N/A  | N/A    | N/A    |

|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| <b>Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 2</b> (expressed in millions) |         |         |         |         |         |         |
| Employers' Annual Required Contribution  | \$ 41.5 | \$ 34.1 | \$ 26.2 | \$ 20.3 | \$ 26.9 | \$ 22.3 |
| Employers' Actual Contribution   | 30.8    | 25.6    | 24.0    | 31.5    | 26.2    | 34.3    |
| Percentage Contributed   | 74%     | 75%     | 92%     | 155%    | 97%     | 154%    |
| State Annual Required Contribution   | 27.7    | 22.7    | 17.5    | 13.5    | 18.0    | 14.9    |
| State Actual Contribution  | 20.2    | 16.4    | 15.6    | 20.9    | 17.1    | 22.2    |
| Percentage Contributed   | 73%     | 72%     | 89%     | 155%    | 95%     | 149%    |

|  |        |      |      |      |      |      |
|--|--------|------|------|------|------|------|
| <b>Washington State Patrol Retirement System</b> (expressed in millions) |        |      |      |      |      |      |
| Employers' Annual Required Contribution                                  | \$ 2.6 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employers' Actual Contribution   | -      | -    | -    | -    | -    | 5.9  |
| Percentage Contributed   | 0%     | N/A  | N/A  | N/A  | N/A  | N/A  |

N/A indicates data not available.

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match the Annual Required Contributions.

## Pension Plan Information

### Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2004 through 1999

|   | 2004    | 2003    | 2002    | 2001    | 2000    | 1999    |
|---|---------|---------|---------|---------|---------|---------|
| <b>Judicial Retirement System</b> (expressed in millions) |         |         |         |         |         |         |
| Employers' Annual Required Contribution                   | \$ 18.5 | \$ 16.2 | \$ 14.2 | \$ 13.3 | \$ 12.5 | \$ 12.2 |
| Employers' Actual Contribution                            | 6.2     | 6.2     | 6.2     | 7.3     | 7.3     | 8.8     |
| Percentage Contributed                                    | 34%     | 38%     | 44%     | 55%     | 58%     | 72%     |

|  |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|
| <b>Judges' Retirement Fund</b> (expressed in millions) |        |        |        |        |        |        |
| Employers' Annual Required Contribution                | \$ 0.2 | \$ 0.1 | \$ 0.2 | \$ 0.2 | \$ 0.3 | \$ 0.3 |
| Employers' Actual Contribution                         | 0.5    | 0.3    | 0.3    | 0.8    | 0.8    | 0.8    |
| Percentage Contributed                                 | 250%   | 300%   | 150%   | 400%   | 267%   | 267%   |

#### **Volunteer Fire Fighters' and and Reserve Officers' Relief and Pension Fund** (expressed in millions)

|   |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|
| Employers' Annual Required Contribution | \$ 0.8 | \$ 0.8 | \$ 0.8 | \$ 0.7 | \$ 0.7 | \$ 0.8 |
| Employers' Actual Contribution          | 0.8    | 0.8    | 0.8    | 0.7    | 0.7    | 0.8    |
| Percentage Contributed                  | 100%   | 100%   | 100%   | 100%   | 100%   | 100%   |
| State Annual Required Contribution      | 1.5    | 0.7    | -      | -      | 0.1    | 0.8    |
| State Actual Contribution               | 4.4    | 3.3    | 3.3    | 3.3    | 2.7    | 2.5    |
| Percentage Contributed                  | 293%   | 471%   | N/A    | N/A    | 2700%  | 313%   |

N/A indicates data not available.

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match

## Pension Plan Information

### Notes to the Required Supplementary Information

### Defined Benefit Pension Plans

For the Fiscal Year Ended June 30, 2004

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated below. Additional information as of the latest valuation follows.

|   | PERS<br>Plan 1                           | PERS<br>Plan 2/3                         | TRS<br>Plan 1                            | TRS<br>Plan 2/3                          | SERS<br>Plan 2/3                         |
|---|--|--|--|--|--|
| Valuation - date  | 9/30/2003                                | 9/30/2003                                | 9/30/2003                                | 9/30/2003                                | 9/30/2003                                |
| Actuarial cost method   | entry age                                | aggregate***                             | entry age                                | aggregate***                             | aggregate***                             |
| Amortization Method   |  |  |  |  |  |
| Funding   | level %                                  | n/a                                      | level %                                  | n/a                                      | n/a                                      |
| GASB  | level \$                                 | n/a                                      | level \$                                 | n/a                                      | n/a                                      |
| Remaining amortization<br>period (closed)                           | 6/30/2024                                | n/a                                      | 6/30/2024                                | n/a                                      | n/a                                      |
| Asset valuation method  | 8-year graded<br>smoothed<br>fair value* | 8-year graded<br>smoothed<br>fair value* | 8-year graded<br>smoothed<br>fair value* | 8-year graded<br>smoothed<br>fair value* | 8-year graded<br>smoothed<br>fair value* |
| Actuarial assumptions:  |  |  |  |  |  |
| Investment rate of return   | 8.00%                                    | 8.00%                                    | 8.00%                                    | 8.00%                                    | 8.00%                                    |
| Projected salary increases  |  |  |  |  |  |
| Salary Inflation at 4.5%, plus the merit increases described below: |  |  |  |  |  |
| initial salary merit (grades down to 0%)                            | 6.1%                                     | 6.1%                                     | 6.2%                                     | 6.2%                                     | 7.0%                                     |
| merit period (years of service)                                     | 17 yrs                                   | 17 yrs                                   | 17 yrs                                   | 17 yrs                                   | 17 yrs                                   |
| Includes inflation at   |  | 3.50%                                    |  | 3.50%                                    | 3.50%                                    |
| Cost of living adjustments  | Uniform COLA**<br>Gainsharing COLA**     | CPI increase,<br>maximum 3%              | Uniform COLA**<br>Gainsharing COLA**     | CPI increase,<br>maximum 3%              | CPI increase,<br>maximum 3%              |

N/A indicates data not applicable.

\* Asset Valuation Method (8 year smoothed fair value): The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last 8 years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition):

| Annual Gain/Loss  |                     |                       | Annual Gain/Loss  |                     |                       |
|-------------------|---------------------|-----------------------|-------------------|---------------------|-----------------------|
| Rate<br>of Return | Smoothing<br>Period | Annual<br>Recognition | Rate<br>of Return | Smoothing<br>Period | Annual<br>Recognition |
| 15% and up        | 8 years             | 12.50%                | 6-7%              | 2 years             | 50.00%                |
| 14-15%            | 7 years             | 14.29%                | 5-6%              | 3 years             | 33.33%                |
| 13-14%            | 6 years             | 16.67%                | 4-5%              | 4 years             | 25.00%                |
| 12-13%            | 5 years             | 20.00%                | 3-4%              | 5 years             | 20.00%                |
| 11-12%            | 4 years             | 25.00%                | 2-3%              | 6 years             | 16.67%                |
| 10-11%            | 3 years             | 33.33%                | 1-2%              | 7 years             | 14.29%                |
| 9-10%             | 2 years             | 50.00%                | 1% and lower      | 8 years             | 12.50%                |
| 7-9%              | 1 year              | 100.00%               |                   |                     |                       |

The actuarial value of assets is subject to a 30% market corridor, so it will lie between 70% and 130% of the market value of assets.

| LEOFF<br>Plan 1                          | LEOFF<br>Plan 2                          | WSPRS                                    | JRS           | Judges        | VFFRPF                           |
|--|--|--|---------------|---------------|----------------------------------|
| 9/30/2003                                | 9/30/2003                                | 9/30/2003                                | 9/30/2003     | 9/30/2003     | 12/31/2003                       |
| entry age                                | aggregate***                             | aggregate***                             | entry age**** | entry age**** | entry age                        |
| level %                                  | n/a                                      | n/a                                      | n/a           | n/a           | level \$                         |
| level \$                                 | n/a                                      | n/a                                      | level \$      | level \$      | level \$                         |
| 6/30/2024                                | n/a                                      | n/a                                      | 12/31/2008    | 12/31/2008    | 12/31/2017                       |
| 8-year graded<br>smoothed<br>fair value* | 8-year graded<br>smoothed<br>fair value* | 8-year graded<br>smoothed<br>fair value* | market        | market        | 4-year<br>smoothed<br>fair value |
| 8.00%                                    | 8.00%                                    | 8.00%                                    | 8.00%         | 8.00%         | 8.00%<br>n/a                     |
| 11.7%                                    | 11.7%                                    | 6.0%                                     | 0.0%          | 0.0%          | n/a                              |
| 21 yrs                                   | 21 yrs                                   | 20 yrs                                   |               |               | none                             |
| 3.50%                                    | 3.50%                                    | 3.50%                                    | 3.50%         | 3.50%         |                                  |
| CPI increase                             | CPI increase,<br>maximum 3%              | CPI increase,<br>maximum 3%              | 3.00%         | none          |                                  |

\*\* The Uniform COLA and Gainsharing COLA.

Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year.

The Gainsharing COLA is added every even-numbered year if certain extraordinary investment gains are achieved.

In 1998 it was \$0.11. On 1/1/2000 it was \$0.28 per year of service. On 1/1/2002 and 1/1/2004 no Gainsharing COLA was added.

The Uniform COLA increase is added every July. The next Uniform COLA amount is calculated as the last Uniform COLA amount plus any Gainsharing COLA amount, all increased by 3%.

On 7/1/2000, it was  $(\$0.77 + \$0.28) \times 1.03 = \$1.08$ . On 7/1/2001, it was  $(\$1.08 + \$0.00) \times 1.03 = \$1.11$ .

On 7/1/2002, it was  $(\$1.11 + \$0.00) \times 1.03 = \$1.14$ . On 7/1/2003, it was  $(\$1.14 + \$0.00) \times 1.03 = \$1.18$ .

On 7/1/2004, it was  $(\$1.18 + \$0.00) \times 1.03 = \$1.21$ .

\*\*\* The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

\*\*\*\* The entry age method uses pay-as-you-go as the basis for funding JRS and Judges.

## Information about Infrastructure Assets Reported Using the Modified Approach

### Condition Assessment

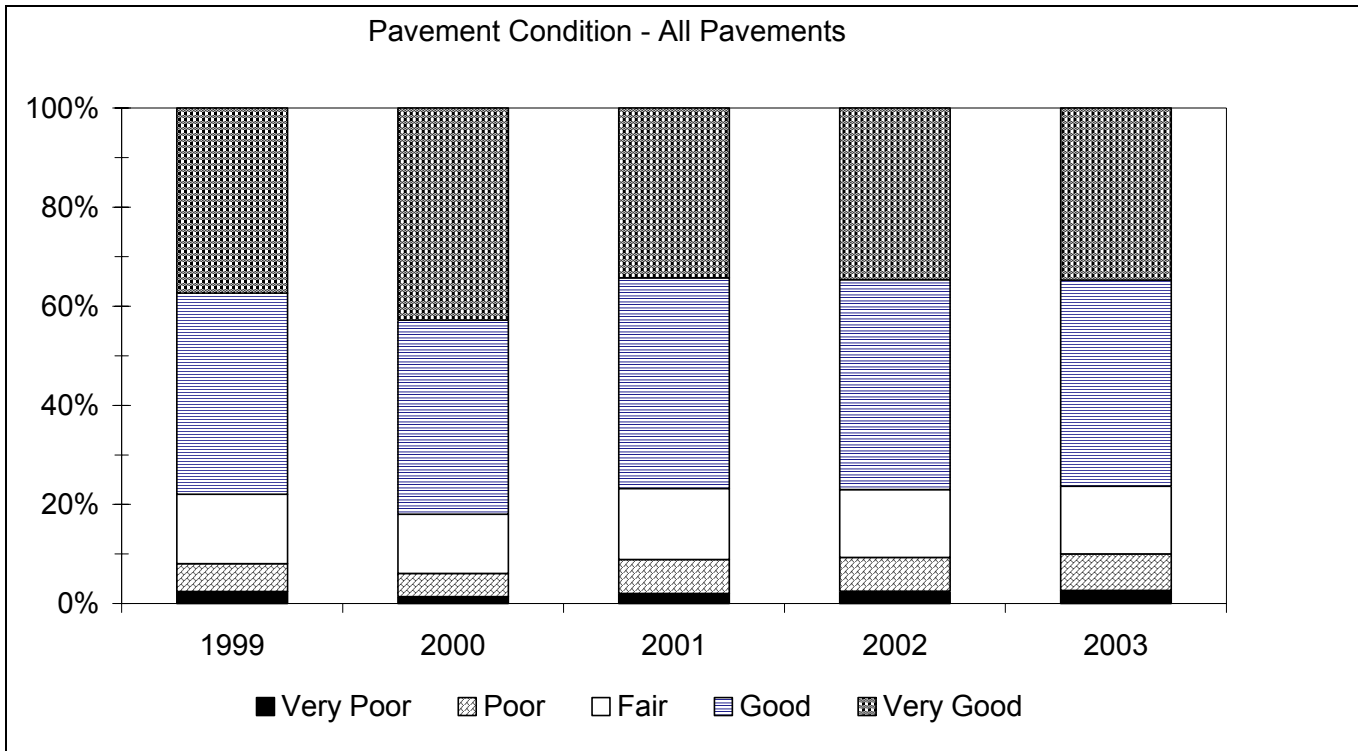
#### Pavement Condition

The Washington State Department of Transportation (WSDOT) owns and maintains 19,970 lane miles of highway, including ramps, collectors and special use lanes. The inclusion of special use lanes and lanes under construction in the total lane miles of highway is new this year. Special use lane miles include slow vehicle, two way turn, chain up, turn/accelerate, transit and HOV lanes. Special use lanes account for 714 of the total lane miles of highway. Lanes under construction account for 26 additional lane miles.

WSDOT has been rating pavement condition since 1969. Pavement rated in *good* condition is smooth and has few defects. Pavement in *poor* condition is characterized by cracking, patching, roughness and rutting. Pavement condition is rated using three factors: Pavement Structural Condition (PSC), International Roughness Index (IRI), and Rutting.

In 1993 the Legislature required WSDOT to rehabilitate pavements at the Lowest Life Cycle Cost (LLCC), which

has been determined to occur at a PSC range between 40 and 60, or when triggers for roughness or rutting are met. The trend over the last six years has shown that the percentage of pavements in poor or very poor condition has remained fairly stable at 8 to 10 percent except in 2000 when it was at 6.1 percent. WSDOT uses LLCC analysis to manage its pavement preservation program. The basic principles are rather simple – if rehabilitation is done too early, pavement life is wasted; if rehabilitation is done too late, very costly repair work may be required, especially if the underlying structure is compromised. WSDOT continually looks for ways to best strike the balance between these two basic principles while recognizing the goal for pavements is zero miles in ‘poor’ condition and marginally good pavements may deteriorate into poor condition during the lag time between assessment and actual rehabilitation. As a result, a small percentage of marginally good pavements will move into the ‘poor’ condition category for any given assessment period.



The Department of Transportation manages State Highways targeting the lowest life cycle cost per the Pavement Management System due date. While the department has a long-term goal of no pavements in poor condition (a pavement condition index less than 40, on a

100 point scale), the policy for the current biennium is to maintain 90 percent of all highway pavement types at a pavement condition index of 40 or better with no more

than 10 percent of its highways at a pavement condition index below 40. The most recent assessment found that State Highways were within the prescribed parameters

with only 10 percent of all pavement types with a pavement condition index below 40.

WSDOT uses the following scale for Pavement Structural Condition (PSC):

| Category  | PSC Range | Description  |
|-----------|-----------|--|
| Very Good | 80 – 100  | Little or no distress. Example: Flexible pavement with 5% of wheel track length having “hairline” severity alligator cracking will have a PSC of 80.   |
| Good      | 60 - 80   | Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having “hairline” alligator cracking will have a PSC of 70.   |
| Fair      | 40 - 60   | This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having “hairline” alligator cracking will have a PSC of 50.  |
| Poor      | 20 - 40   | Structural deterioration. Example: Flexible pavement with 25% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 30.   |
| Very Poor | 0 - 20    | Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays. |

The PSC is a measure based on distresses such as cracking and patching, which are related to the pavement’s ability to carry loads. Pavements develop structural deficiencies due to truck traffic and cold weather. WSDOT attempts to program rehabilitation for pavement segments when they are projected to reach a PSC of 50. A PSC of 50 can occur due to various amounts and severity of distress. Refer to the table above for examples for flexible pavements such as asphalt. For rigid pavements (such as Portland cement concrete), a PSC of 50 represents 50 percent of the concrete slabs exhibiting joint faulting with a severity of 1/8 to 1/4 inch (faulting is the elevation difference at slab joints and results in a rough ride – particularly in large trucks). Further, a PSC of 50 can also be obtained if 25 percent of concrete slabs exhibit two to three cracks per panel.

The International Roughness Index (IRI) uses a scale in inches per mile. Rutting is measured in millimeters. The three indices (PSC, IRI, and Rutting) are combined to rate a section of pavement, which is assigned the lowest category of any of the three ratings. The following table shows the combined explanatory categories and the ratings for each index.

| Category  | PSC      | IRI       | Rut     |
|-----------|----------|-----------|---------|
| Very Good | 100 – 80 | < 95      | < 4     |
| Good      | 80 – 60  | 95 – 170  | 4 – 8   |
| Fair      | 60 – 40  | 170 – 220 | 8 – 12  |
| Poor      | 40 – 20  | 220 – 320 | 12 – 16 |
| Very Poor | 0 – 20   | > 320     | > 16    |

Beginning in 1999, the pavement distress survey procedure changed from a windshield survey to an automated survey. In the automated survey, high-resolution video images are collected at highway speed and these video images are then rated on special workstations at 3-6 mph speed. This change has also resulted in a more detailed classification and recording of various distresses that are rated.

Pavement condition surveys are generally conducted in the fall of each year, then analyzed during the winter and spring, with the previous year’s results released in June each year. In calendar year 2003, WSDOT rated pavement condition on 17,702 of the 19,970 lane miles of highway. The chart on the following page shows recent pavement condition ratings for the State Highway System, using the combination of the three indices described above.

**Condition Rating of Washington State Department of Transportation's Pavement**

| <b>Percentage of Pavement in Fair or Better Condition</b> |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | <u>2003*</u> | <u>2002*</u> | <u>2001*</u> | <u>2000*</u> | <u>1999*</u> |
| Statewide - Chip Seals                                    | 86           | 89           | 89           | 92           | 91           |
| Statewide - Asphalt                                       | 91           | 91           | 92           | 95           | 93           |
| Statewide - Concrete                                      | 93           | 92           | 92           | 92           | 90           |
| Statewide - All Pavements                                 | 90           | 91           | 91           | 94           | 92           |

| <b>Percentage of Pavement in Poor or Very Poor Condition</b> |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
|  | <u>2003*</u> | <u>2002*</u> | <u>2001*</u> | <u>2000*</u> | <u>1999*</u> |
| Statewide - Chip Seals                                       | 14           | 11           | 11           | 8            | 9            |
| Statewide - Asphalt  | 9            | 9            | 8            | 5            | 7            |
| Statewide - Concrete   | 7            | 8            | 8            | 8            | 10           |
| Statewide - All Pavements                                    | 10           | 9            | 9            | 6            | 8            |

\* Calendar year data. Assessments are typically made in the fall of each year, and verified during the winter and spring, with final results released in June. Years indicated are when the physical assessment was done in the fall.

**Note:** The All Pavements percentages are calculated from total database averages, not a statistical average of the three pavement type percentages.

More information about pavement management at the Department of Transportation may be obtained at:  
<http://www.wsdot.wa.gov/biz/mats/pavement/structural.htm>



## Bridge Condition

During Fiscal Year 2004 there were 3,076 state-owned vehicular structures over twenty feet in length with a total area of 43,447,898 square feet. In addition to bridges, the 3,076 structures included 77 culverts and 30 ferry terminal structures. All bridges are inspected on a two to four year interval, with no more than 10 percent of the bridges inspected less than every three years. Divers inspect underwater bridge components at least once every five years in accordance with Federal Highway Administration requirements. Special emphasis is given to the ongoing inspection and maintenance of major bridges representing a significant public investment due to size, complexity or strategic location. Information related to public bridges is maintained in the Washington State Bridge Inventory System (WSBIS). This system is used to develop preservation strategies and comprehensive recommendations for maintenance and construction, and for reporting to the Federal Highway Administration (FHWA).

While the WSDOT has a 20 year goal of no structurally deficient bridges, the policy for the current biennium is to maintain 95 percent of its bridges at a structural condition of at least fair, meaning that all primary structural elements are sound. The most recent assessment found that state-owned bridges were within the prescribed parameters with 97 percent having a condition rating of fair or better and only 3 percent of

bridges having a condition rating of poor. Bridges rated as poor may have structural deficiencies that restrict the weight and type of traffic allowed. No bridges that are currently rated as poor are unsafe for public travel. Any bridges determined to be unsafe are closed to traffic. WSDOT had no closed bridges at June 30, 2004.

WSDOT's Bridge Seismic Retrofit Program prioritizes state bridges for seismic retrofit, and performs these retrofits as funding permits. Retrofit priorities are based on seismic risk of a site, structural detail deficiencies, and route importance. From 1980 to the end of June 2003, WSDOT completed 441 full or partial seismic retrofit projects to meet current national standards. An additional 920 retrofits await programming. There are four scheduled seismic retrofits in the 2003-2005 biennium, none of which were completed by June 30, 2004.

The following condition rating data is based on the structural sufficiency standards established in the FHWA "Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation's Bridges." This structural rating relates to the evaluation of bridge superstructure, deck, substructure, structural adequacy and waterway adequacy. Three categories of condition were established in relation to the FHWA criteria as follows:

| Category | National Bridge Inventory Code | Description   |
|----------|--------------------------------|---|
| Good     | 6, 7, or 8                     | A range from no problems noted to some minor deterioration of structural elements.  |
| Fair     | 5                              | All primary structural elements are sound but may have deficiencies such as minor section loss, deterioration, cracking, spalling or scour. |
| Poor     | 4 or less                      | Advanced deficiencies such as section loss, deterioration, cracking, spalling, scour or seriously affected primary structural components.   |

Notes: Bridges rated in poor condition may be restricted for the weight and type of traffic allowed.

## Condition Rating of Washington State Department of Transportation's Bridges

| Percentage of Bridges in Fair or Better Condition                  |      |      |      |      |      |
|--|------|------|------|------|------|
| Bridge Type  | 2004 | 2003 | 2002 | 2001 | 2000 |
| Reinforced Concrete (1,308 bridges in FY 2004)                     | 98   | 98   | 97   | 96   | 95   |
| Prestressed Concrete (1,277 bridges in FY2004)                     | 99.5 | 99.5 | 99.5 | 99   | 99   |
| Steel (346 bridges* in FY 2004)                                    | 93   | 93   | 92   | 91   | 91   |
| Timber (65 bridges in FY 2004)                                     | 70   | 69   | 70   | 71   | 71   |
| Statewide - All Bridges<br>(2,996 out of 3,076 bridges in FY 2004) | 97.4 | 97   | 96.7 | 96   | 95   |

| Percentage of Bridges in Poor Condition                         |      |      |      |      |      |
|---|------|------|------|------|------|
| Bridge Type   | 2004 | 2003 | 2002 | 2001 | 2000 |
| Reinforced Concrete (24 bridges in FY 2004)                     | 2    | 2    | 3    | 4    | 5    |
| Prestressed Concrete (4 bridges in FY 2004)                     | 0.5  | 0.5  | 0.5  | 1    | 1    |
| Steel (24 bridges* in FY 2004)                                  | 6.5  | 7    | 8    | 9    | 9    |
| Timber (28 bridges in FY 2004)                                  | 30   | 31   | 30   | 29   | 29   |
| Statewide - All Bridges<br>(80 out of 3,076 bridges in FY 2004) | 2.6  | 3    | 3.3  | 4    | 5    |

\*The steel bridge ratings for FY2004 include 24 Ferry terminal structures rated as fair or better and six Ferry terminal structures rated as poor. While the terminals are included in a depreciable asset category, they are included here with bridge condition information since they are evaluated by the WSDOT Bridge Office on a periodic basis.

Note: Bridges rated as poor may have structural deficiencies that restricted the weight and type of traffic allowed. WSDOT currently has 12 posted bridges and

145 restricted bridges. Posted bridges have signs posted which inform of legal weight limits. Restricted bridges are those where overweight permits will not be issued for travel by overweight vehicles. Refer to <http://www.wsdot.wa.gov/freight/mcs/> for more information. Any bridges determined to be unsafe are closed to traffic. WSDOT had one closed bridge at June 30, 2004.

Additional information regarding the Department of Transportation's bridge inspection program may be obtained at: <http://www.wsdot.wa.gov/eesc/bridge/index.cfm>.

## Emergency Air Field Condition

The Washington State Department of Transportation (WSDOT), through its Aviation Division is authorized by RCW 47.68.100 to acquire and maintain airports. Under this authority, WSDOT owns eight emergency airfields and leases several others. Most of the airfields are located near or adjacent to state highways and range in character from paved to gravel or turf. The prime task of the airfields is to provide emergency facilities. Two airfields are in operational condition 12 months of the

year, and five are operational from June to October each year. One is only available for emergency search and rescue use. In accordance with WSDOT policy, maintenance is done on each airfield annually to keep it at its existing condition of use. Each airfield is inspected a minimum of three times per year.

The definitions below form the rating criteria for the current airfield condition ratings which follow.

| Category   | Definition  |
|--|---|
| General Use Community Airport                        | An airport with a paved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.        |
| Limited Use Community Airport                        | An airport with an unpaved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.     |
| General Recreational Use Airport                     | An airport with a turf (unpaved) runway near access to recreational opportunities with capacity for aircraft less than 12,500 pounds. |
| Limited Search and Rescue Forward Operating Location | An airport with a landing pad only capable of accommodating rotorcraft.   |

### Condition Rating of Washington State Emergency Airfields

| <u>Number of Airports</u>  |          |                    |                    |                    |                    |                    |
|--|----------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Owned airports:</b>   |          |                    |                    |                    |                    |                    |
| Acceptable for general use as a community airport                            | 1        |                    |                    |                    |                    |                    |
| Acceptable for limited use as a community airport                            | 1        |                    |                    |                    |                    |                    |
| Acceptable for general recreation use  | 5        |                    |                    |                    |                    |                    |
| Limited search and rescue forward operating location                         | 1        |                    |                    |                    |                    |                    |
| <b>Total owned airports</b>  | <b>8</b> |                    |                    |                    |                    |                    |
|  |          | <u><b>2004</b></u> | <u><b>2003</b></u> | <u><b>2002</b></u> | <u><b>2001</b></u> | <u><b>2000</b></u> |
| Percentage of airports acceptable for general recreational use or better     |          | 88                 | 88                 | 88                 | 88                 | 88                 |
| Percentage of airports not acceptable for general recreational use or better |          | 12                 | 12                 | 12                 | 12                 | 12                 |

**Notes:** One airport is open only as a limited search and rescue operating location and is expected to remain in that status.

For pictures of specific airfields, refer to the Department of Transportation's website at:

<http://www.wsdot.wa.gov/Aviation/airports/default.htm>

## Information about Infrastructure Assets Reported Using the Modified Approach

### Comparison of Budgeted-to-Actual Preservation and Maintenance

For the Fiscal Year Ended June 30, 2004  
(expressed in thousands)

|                             | FY 2002    |            |           | FY 2003    |            |            | FY 2004    |            |           |
|-----------------------------|------------|------------|-----------|------------|------------|------------|------------|------------|-----------|
| <b>Pavements</b>            |            |            |           |            |            |            |            |            |           |
|                             | Budget     | Actual     | Variance  | Budget     | Actual     | Variance   | Budget     | Actual     | Variance  |
| Preservation                | \$ 134,810 | \$ 127,946 | \$ 6,864  | \$ 119,160 | \$ 123,883 | \$ (4,723) | \$ 116,902 | \$ 107,229 | \$ 9,673  |
| Maintenance                 | 23,746     | 19,485     | 4,261     | 22,796     | 24,123     | (1,327)    | 21,254     | 18,064     | 3,190     |
| Total                       | \$ 158,556 | \$ 147,431 | \$ 11,125 | \$ 141,956 | \$ 148,006 | \$ (6,050) | \$ 138,156 | \$ 125,293 | \$ 12,863 |
| <b>Bridges</b>              |            |            |           |            |            |            |            |            |           |
| Preservation                | \$ 24,270  | \$ 16,307  | \$ 7,963  | \$ 22,460  | \$ 23,988  | \$ (1,528) | \$ 30,637  | \$ 24,780  | \$ 5,857  |
| Maintenance                 | 11,430     | 11,012     | 418       | 11,222     | 12,853     | (1,631)    | 11,292     | 11,267     | 25        |
| Total                       | \$ 35,700  | \$ 27,319  | \$ 8,381  | \$ 33,682  | \$ 36,841  | \$ (3,159) | \$ 41,929  | \$ 36,047  | \$ 5,882  |
| <b>Emergency Air Fields</b> |            |            |           |            |            |            |            |            |           |
| Preservation & Maint.       | \$ 70      | \$ 64      | \$ 6      | \$ 70      | \$ 58      | \$ 12      | \$ 70      | \$ 71      | \$ (1)    |

In addition to increasing and improving the state highway system, WSDOT places a high priority on preserving and maintaining the current highway system. WSDOT breaks out preservation and maintenance into two separate functions. Preservation can be described as projects that maintain the structural integrity of the existing highway system including roadway pavements, safety features, bridges, and other structures/facilities. The Maintenance function handles the day-to-day needs that occur such as guardrail replacement, patching potholes, installing signs, vegetation control, etc.

In 1996 WSDOT embarked on an initiative to use outcome based performance measures for evaluating the effectiveness of the Maintenance Program. The Maintenance Accountability Process (MAP) is a comprehensive planning, measuring and managing process that provides a means for communicating the impacts of policy and budget decisions on program service delivery. WSDOT uses it to identify investment choices and affects of those choices in communicating with the legislature and other stakeholders. The MAP measures and communicates the outcomes of 34 distinct highway maintenance activities. Maintenance results are measured via field condition surveys and reported as Level of Service (LOS) ratings, which range from A to F. LOS targets are defined in terms of the condition of various highway features (i.e. percent of guardrail on the highway system that is damaged) and are set commensurate with the level of funding provided for the WSDOT highway maintenance program. More

information about MAP may be obtained at: <http://www.wsdot.wa.gov/maintenance/accountability.htm>.

**Notes:** Numbers for the Pavement and Bridges budget amounts are calculated based on the 2003-2005 biennial plan as shown in the WSDOT June 2004 *Monthly Financial Report* for sub-programs P1 (Roadway Preservation), P2 (Structures Preservation), and M2 (Roadway, Bridge & Tunnel maintenance). For FY 2004, the annual budget amount was calculated as half the biennial amount. The Preservation budgeted and actual amounts were adjusted for capitalized infrastructure and equipment in FY 2004.

The emergency airfields (program F3, State Airport Construction and Maintenance) budget amount came from the same sources as for pavements and bridges described above but is only one-fourth of the biennial

The state implemented the requirements of Statement No. 34 of the Governmental Accounting Standards Board (GASB), including the provisions related to capitalizing and reporting infrastructure on the modified approach, in Fiscal Year 2002. While budget to actual information is not available for years prior to Fiscal Year 2002 using the GASB definitions of preservation and maintenance, historical budget to actual information for the entire Construction and Maintenance programs is available by contacting the WSDOT Budget Office at (360) 705-7500.